

Core Question 2: Is the organization in sound fiscal health?

The Financial Performance Framework, outlined in Core Question 2, gauges both near term financial health and longer term financial sustainability while accounting for key financial reporting requirements. Since opening its flagship high school in 2004, Tindley Accelerated Schools has grown to a network of six schools (Tindley Genesis opened in school year 2015-16). In the 2014-2015 school year, it served approximately 1,600 students under its charters with the Mayor's office. Central office support services, including special education services, student assessment, accountability, operations, facilities management, finance and accounting, human resources, technology, safety/security, fund development and external relations, are housed at the network level, and expenditures are distributed to each of the schools. Tindley is currently authorized to open one additional elementary schools.

2.1. Short-term Health: Does the school demonstrate the ability to pay its obligations in the next 12 months?

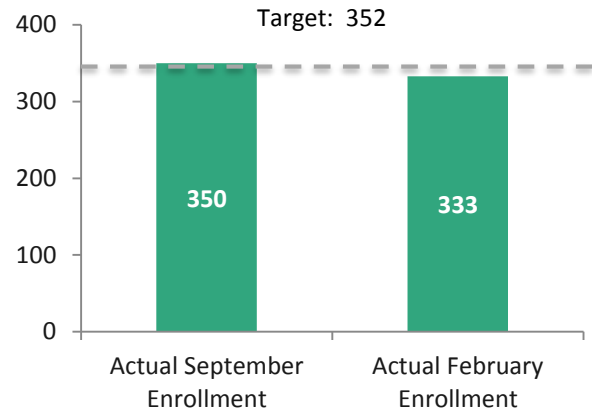
Indicator Targets	Does not meet standard		The school does not meet standard on 2 or more of the five sub-indicators shown below.				
	Approaching standard		The school approaches standard for all 5 sub-indicators shown below, OR meet standard on 3 sub-indicators, while approaching on the remaining 2 OR meets standard on 4 sub-indicators, while not meeting standard for the final sub-indicator.				
	Meets standard		The school meets standard for 4 sub-indicators shown below, while approaching standard on the final sub-indicator.				
	Exceeds standard		The school meets standard for all 5 sub-indicators.				
School Rating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2013-14	2014-15	2015-16	2016-15	2017-18	2018-19	2019-20
	AS	MS					
Sub-indicator Ratings	Sub-	Sub-indicator targets				Result	Rating
	Enrollment Ratio	DNMS	Enrollment ratio is less than or equal to 89%			99%	MS
		AS	Enrollment ratio is between 90 – 98%				
		MS	Enrollment ratio equals or exceeds 99%				
	February Enrollment Variance	DNMS	Enrollment ratio is less than or equal to 89%			95%	MS
		AS	Enrollment ratio is between 90 – 95%				
		MS	Enrollment ratio equals or exceeds 95%				
	Current Ratio	DNMS	Current ratio is less than or equal to 1.0			1.53	MS
		AS	Current ratio is between 1.0 – 1.1				
		MS	Current ratio equals or exceeds 1.1				
	Days Cash on Hand	DNMS	Days cash on hand is less than or equal to			31	AS
		AS	Days cash on hand is between 30-45				
		MS	Days cash on hand equals or exceeds 45				
	Debt Default	DNMS	Default or delinquent payments identified			Meets	MS
		MS	Not in default or delinquent				

Tindley Collegiate received a rating of **Meets Standard** for Core Question 2.1 for the 2014-15 school year.

Based on data from the September 2014 count day, the school met the enrollment targets stated in its charter agreement, enrolling 350 students when it projected to enroll 352 students. By February, enrollment dropped to 333, 95% of the September Enrollment Variance. As a result, the school **met standard** for both the enrollment ratio and February Enrollment Variance.

The school had more current assets than current liabilities (those due in the next 12 months). Thus, it **met standard** for the current ratio sub-indicator.

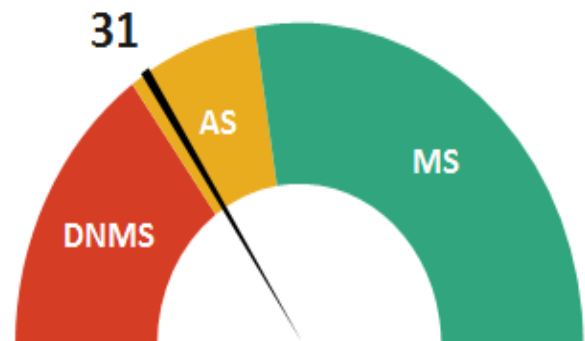
Enrollment Variance Ratio



Tindley Collegiate ended the year with 31 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2015, the school would have been able to operate for 31 more days. Based on this data, the school **approached standard** for this indicator.

Finally, the school successfully met its debt obligations based on the information that Crowe Horwath, the school's auditor, provided. Furthermore, there have been no negative communications from the school's lenders. Since the school met standard on three, and approached standard on two of the sub-indicators in core question 2.1, it received a rating of **Approaching Standard** for this section of the core question.

Days Cash on Hand



2.2. Long-term Health: Does the organization demonstrate long-term financial health?							
Indicator Targets	Does not meet standard		The school does not meet standard on any of the 3 sub-indicators OR meets standard on 1 sub-indicator but does not meet standard on the remaining 2.				
	Approaching standard		The school meets standard on 2 of the sub-indicators while not meeting on the third, OR approaches standard on all 3 sub-indicators.				
	Meets standard		The school meets standard on 2 of the sub-indicators and approaches standard on the third.				
	Exceeds standard		The school meets standard for all 3 sub-indicators.				
School Rating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2013-14	2014-15	2015-16	2016-15	2017-18	2018-19	2019-20
	ES	ES					
Sub-	Sub-	Sub-indicator targets				Result	Rating
	Aggregate Three-Year	DNMS	Aggregate 3-year net income is negative.			N/A (aggregate) \$99,914 (current year)	MS
		AS	Aggregate 3-year net income is positive, but most recent year is				
		MS	Aggregate three year net income is positive, and most recent year is positive.				
	Debt to Asset Ratio	DNMS	Debt to Asset ratio equals or exceeds .95			.51	MS
		AS	Debt to Asset ratio is between .9 - .95				
		MS	Debt to Asset ratio is less than or equal to .9				
	Debt Service Coverage (DSC) Ratio	DNMS	DSC ratio is less than or equal to 1.05			4.54	MS
		AS	DSC ratio is between 1.05-1.2				
		MS	DSC ratio equals or exceeds 1.2				

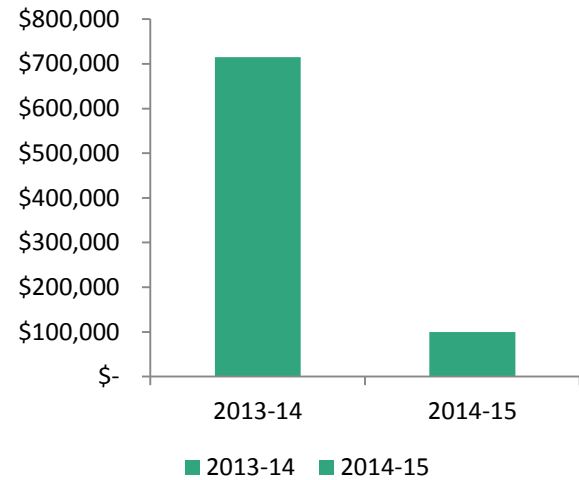
Tindley Collegiate receives an **Exceeds Standard** on indicator 2.2 for the 2014-15 school year.

The school **met standard** for the net income sub-indicator. In its second (current) year, it had a net income of **\$99,914**.

The school also **met standard** on the debt to asset ratio sub-indicator. The school had a ratio of **.51** meaning that it had significantly fewer debts than it had assets for the 2014-15 fiscal year.

Lastly, the school **met standard** for debt service coverage (DSC). It had a debt service coverage ratio of 4.54. Its net income will be sufficient to cover the school's capital lease payments for the 2014-15 school year of \$50,288.

Three-Year Net Income



2.3. Does the organization demonstrate it has adequate financial management and systems?							
Indicator Targets	Does not meet standard		The school does not meet standard on 1 of the sub-indicators.				
	Approaching standard		The school meets standards on 1 sub-indicator, but approaches standard for the remaining sub-indicator.				
	Meets standard		The school meets standard on both sub-indicators.				
School Rating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2013-14	2014-15	2015-16	2016-15	2017-18	2018-19	2019-20
	DNMS	DNMS					
Sub-indicator Ratings	Sub-indicator	Sub-indicator targets					Rating
	Financial Audit	DNMS	The school receives an audit with multiple significant deficiencies, materials weakness, or has an ongoing concern.				DNMS
		AS	The school receives a clean audit opinion with few significant deficiencies noted, but no material weaknesses.				
		MS	The school receives a clean audit opinion.				
	Financial Reporting Requirements	DNMS	The school fails to satisfy financial reporting requirements.				DNMS
		MS	The school satisfies all financial reporting requirements.				

Tindley Collegiate received a rating of **Does Not Meet Standard** for Core Question 2.3 for the 2014-15 school year.

In their review of Tindley Collegiate auditors found a material weakness as well as several significant deficiencies in the school's financial statements. Details of the report, which was published on April 4, 2016 can be found on the Indiana State Board of Accounts (ISBOA) website [here](#). The school responded proactively to the auditor's findings, noting that "Tindley did not have all practices in place" when it transitioned to in-house bookkeeping and "are in the process of developing the appropriate procedures to be in place by June 30, 2016." Tindley Collegiate **did not meet standard** for its reporting requirements as it did not meet the on-time deadline for completing its audit, and it only submitted 69% of required financial compliance documentation to OEI on-time.